

# GREATER TUBATSE MUNICIPALITY

## STATEMENT OF FINACIAL POSITION

### AS AT 30 JUNE 2009

	Note	2009 R	2008 R
<b>NET ASSETS &amp; LIABILITIES</b>			
<b>Net Assets</b>			
Government grant reserve	2	308 091 258 18 532 579	292 048 542 18 676 749
Revaluation Reserve	2	4 683 000	-
Donations and public contribution reserve	2	69 713 693	72 038 680
Accumulated surplus/(deficit)		215 161 986	201 333 213
<b>Non-current liabilities</b>			
Long term liabilties	3	16 029 455	10 285 197
<b>Current liabilities</b>			
Consumer deposits	4	22 313 157 772 032	19 495 692 663 491
Provisions	5	791 219	649 174
Trade and other payables	6	16 566 639	11 466 898
Unspent conditional grants and receipts	7	-	6 505 470
Current portion of long term liabilities	3	1 143 610	210 659
Cash and cash equivalents	13	3 039 658	-
<b>Total Net Assets and Liabilities</b>		<b>346 433 870</b>	<b>321 829 531</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	8	302 174 267	250 938 123
<b>Current assets</b>			
Short-term investments	9	44 259 604 -	70 891 408 6 454 954
Inventory	10	13 625 000	13 625 000
Consumer debtors	11	29 816 602	28 166 466
Other receivables	12	818 002	11 774 976
Cash and cash equivalents	13	-	10 870 012
<b>Total Assets</b>		<b>346 433 870</b>	<b>321 829 531</b>

# GREATER TUBATSE MUNICIPALITY

## STATEMENT OF FINACIAL PERFORMANCE

### AS AT 30 JUNE 2009

	Note	2009 R	2008 R
<b>REVENUE</b>			
Property rates	14	33 054 116	32 237 580
Service charges	15	15 218 943	15 082 641
Rental of facilities and equipment	18	152 311	95 600
Investment Revenue – external investments	17	1 845 064	1 898 957
Interest earned – outstanding debtors	18	3 223 066	2 245 567
Fines	18	654 565	1 587 402
Licenses and permits	18	5 862 187	7 131 959
Government grants and subsidies received - operatir	16	66 432 054	47 618 982
Government grants and subsidies received - capital	16	21 243 000	29 613 296
Other revenue	21	4 326 511	1 381 669
Gain on disposal of property, plant and equipment		17 481	
<b>Total Revenue</b>		<b>152 011 817</b>	<b>138 911 133</b>
<b>EXPENDITURE</b>			
Employee related costs	19	51 651 216	46 140 604
Remuneration of councillors	20	11 879 354	10 288 157
Bad debts	22	8 384 109	2 587 001
Depreciation	22	8 658 543	7 268 558
Repairs and maintenance	22	7 509 807	4 751 318
Finance cost	21	1 545 150	596 442
Contracted services	22	13 005 405	9 106 310
General expenses	22	36 878 542	30 347 103
Loss on disposal of property, plant and equipment		18 983	
<b>Total Expenditure</b>		<b>139 512 126</b>	<b>111 104 476</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>12 499 691</b>	<b>27 806 657</b>

**GREATER TUBATSE MUNICIPALITY**  
**CHANGES IN NET ASSETS**  
**AS AT 30 JUNE 2009**

	Pre-GAMAP Resources and Funds	Evaluation of Resources	Government Grant Reserve	Donation & Public Contribution Reserves	Accumulated Surplus/ (Deficit)	Total
<b>2008</b>						
Balance at 1 July 2008			4 325 120	74 370 037	174 722 411	<b>253 417 568</b>
Implementation of GAMAP						
Correction of Error						
<b>Restated balance</b>	<b>-</b>	<b>-</b>	<b>4 325 120</b>	<b>74 370 037</b>	<b>174 722 411</b>	<b>253 417 568</b>
Net surplus for the year					27 806 657	<b>27 806 657</b>
Property, plant and equipment purchased					10 824 317	<b>10 824 317</b>
Capital grants used to purchase PPE						-
Donated/contributed PPE			14 496 195		(14 496 195)	-
Asset disposals						-
Offsetting of depreciation			(144 566)	(2 331 357)	2 475 923	-
<b>Balance at 30 June 2008</b>	<b>-</b>	<b>-</b>	<b>18 676 749</b>	<b>72 038 680</b>	<b>201 333 212</b>	<b>292 048 542</b>
<b>2009</b>						
Balance at 1 July 2008			18 676 749	72 038 680	201 333 212	<b>292 048 641</b>
Correction of error (note 32)						-
Changes in accounting estimate						-
<b>Restated balance</b>	<b>-</b>	<b>-</b>	<b>18 676 749</b>	<b>72 038 680</b>	<b>201 333 212</b>	<b>292 048 641</b>
Net surplus for the year					12 499 691	<b>12 499 691</b>
Appropriations					(10 868 375)	<b>(10 868 375)</b>
Property, plant and equipment purchased					9 763 019	<b>14 446 019</b>
Capital grants used to purchase PPE					(34 718)	<b>(34 718)</b>
Donated/contributed PPE						-
Asset disposals			(144 171)	(2 324 987)	2 469 158	-
Offsetting of depreciation						-
<b>Balance at 30 June 2009</b>	<b>-</b>	<b>4 683 000</b>	<b>18 532 578</b>	<b>69 713 693</b>	<b>215 161 986</b>	<b>308 091 258</b>

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**GREATER TUBATSE MUNICIPALITY**  
**CASH FLOW STATEMENT**  
**AS AT 30 JUNE 2009**

	Note	2009 R	2008 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		178 522 810	125 072 027
Cash paid to suppliers and employees		(150 000 746)	(101 677 922)
Cash generated from operations	23	28 522 064	23 394 105
Interest received		1 845 064	1 898 957
Interest paid		(1 545 150)	( 596 442)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>28 821 978</b>	<b>24 696 620</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(42 522 536)	(27 188 705)
Proceeds on disposal of assets		210 000	
Decrease in investments		6 454 954	3 398 256
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(36 067 582)</b>	<b>(23 580 449)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loan raised		3 334 856	6 947 615
Loans repaid		( 657 692)	( 221 273)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>2 677 163</b>	<b>6 726 342</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(4 568 441)</b>	<b>7 842 513</b>
Cash and cash equivalents at the beginning of the year		4 568 441	(7 842 513)
Cash and cash equivalents at the end of the year		10 870 012	3 027 499
		6 301 572	10 870 012

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# **GREATER TUBATSE MUNICIPALITY**

## **NOTES TO THE FINACIAL STATEMENT**

### **AS AT 30 JUNE 2009**

#### **1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

##### **1.1 BASIS OF PRESENTATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notices 991 and 992 of 2005.

These standards are summarised as follows:

GRAP 1: Presentation of financial statements.

GRAP 2: Cash flow statements.

GRAP 3: Accounting policies, changes in accounting estimates and errors.

GAMAP 4: Effects of changes in foreign exchange rates.

GAMAP 6: Consolidated financial statements and accounting for controlled entities.

GAMAP 9: Revenue.

GAMAP 7: Accounting for investments in associates.

GAMAP 8: Financial reporting of interests in joint ventures.

GAMAP 12: Inventories.

GAMAP 17: Property, plant and equipment.

GAMAP 19: Provisions, contingent liabilities and contingent assets.

GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards related to the municipality's separate financial statements.

GAMAP, GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP, GRAP and GAAP is set out in Note 23.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards.

Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GAMAP or GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

##### **1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

### **1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

### **1.4 RESERVES**

#### **a) Government Grant Reserve**

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grants Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

#### **b) Donations and Public Contributions Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).